

Message Text

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FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 8218

UNCLAS MANAGUA 4026

E.O. 11652: NA

TAGS: BEXP, NU

SUBJECT: TIPITAPA-MALACATOYA IRRIGATION PROJECT

REF: STATE 242902

1. THE EMBASSY HAS CONTACTED SOURCES AT THE BANCO NACIONAL DE NICARAGUA, THE GOVERNMENT-OWNED BANK ACTIVE IN PROMOTING AGRICULTURAL DEVELOPMENT, CONCERNING THE PROGRESS OF THE TIPITAPA-MALACATOYA PROJECT. VERY LITTLE HAS HAPPENED SINCE WE FIRST REPORTED THE PROJECT (A-76 MANAGUA). THE JOINTLY-OWNED CORPORATION HAS NOT YET BEEN CREATED, AND IT IS NOT EXPECTED THAT SUCH A CORPORATION WILL BE FORMED UNTIL COMPLETION OF THE FINAL FEASIBILITY AND TECHNICAL STUDY TOWARD THE END OF 1976 OR EARLY 1977.

2. IT NOW APPEARS THAT THE GON WILL FUND THE FINAL FEASIBILITY AND TECHNICAL STUDY. THE GOVERNMENT HAS ASKED FOUR NICARAGUAN CONSULTING FIRMS (EACH WITH CLOSE TIES TO AMERICAN CONSULTING FIRMS) PLUS ONE ISRAELI CONSULTING FIRM TO SUBMIT SPECIFICATIONS FOR DOING THE STUDY; ONE OF THESE FIVE FIRMS WILL BE SELECTED IN NOVEMBER. WE ARE NOT AWARE OF HOW THESE FIVE FIRMS WERE SELECTED TO BEGIN WITH OR WHY THERE WILL NOT BE OPEN BIDDING FOR THE FEASIBILITY AND TECHNICAL STUDY. THE STUDY SHOULD GET UNDER WAY IN JANUARY 1976 FOR COMPLETION ABOUT 10-12 MONTHS LATER. ACTUAL CONSTRUCTION ACTIVITIES WILL NOT BEGIN UNTIL, AT THE EARLIEST, LATE 1977.

3. WE ARE SOMEWHAT DISTURBED BY THE DECLINE IN ENTHUSIASM WE NOTED AT THE BANCO NACIONAL DE NICARAGUA. PLANS ARE STILL TO PROCEED WITH THE PROJECT, BUT WE DO NOT QUITE UNDERSTAND THE REASONS FOR THE LENGTHY POSTPONEMENT OF THE FORMATION OF THE JOINTLY-OWNED

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CORPORATION. IT APPEARS AS THOUGH THERE IS NOT QUITE AS MUCH

SUPPORT FOR THE PROJECT ON THE PART OF THE LANDOWNERS OF THE TIPITAPA-MALACATOYA REGION AS WE HAD BEEN LED TO BELIEVE. MOST INITIATIVE IS COMING FROM THE GON AND ITS BANCO NACIONAL.

4. IT IS DIFFICULT TO ADVISE CRS DESIGN ASSOCIATES AS TO HOW TO APPROACH THE TIPITAPA-MALACATOYA PROJECT. IT IS A FAIRLY CERTAIN FACT THAT ANY IMMEDIATE INVOLVEMENT IN THE PROJECT WILL BE LIMITED TO ONE OF THE FIVE CONSULTING FIRMS REQUESTED BY THE GON TO PRESENT PROPOSALS FOR THE FINAL FEABILITY AND TECHNICAL STUDY. CRS MAY WISH TO CONTACT ING. EDMUNDO ASTORGA C., HEAD OF THE IRRIGATION DIVISION, BANCO NACIONAL DE NICARAGUA, APARTADO POSTAL 328, MANAGUA, NICARAGUA TO INTRODUCE THEIR SERVICES IN A LOW-KEY MANNER, PERHAPS BY SENDING PROMOTIONA LITERATURE. HOWEVER, WE SEE LITTLE VALUE IN CRS CHANGING ITS CHEDULE TO INCLUDE MANAGUA.

5. THE EMBASSY WILL CONTINUE TO MONITOR THEPROJECT'S PROGRESS CLOSELY; WE STILL FEEL THAT EVENTUALLY THERE WILL BE VERY SUBSTANTIAL EXPORT OPPORTUNITIES FOR U.SM FIRMS. FOR THE TIME BEING WE WILL HAVE TO REMAIN PATIENT, BUT ALERT. ONE AREA WHERE THE MAJOR

EXPORT PROJECTS DIVISION CAN BE OF HELP IS IN PROVIDING US WITH A LIST OF THE MAJOR U.S. PRODUCERS OF HEAVY PUMPING EQUIPMENT AND ELECTRIC MOTORS FOR PUMPING STATIONS. THE COMPLETED PRE-FEASIBILITY STUDY FORESEES THE CONSTRUCTION OF FOUR PUMPING STATIONS ALONG A PRINCIPAL SUPPLY CANAL, THE FIRST WITH A CAPACITY OF 40 CUBIC METERS OF WATER PER SECOND, THE SECOND 36 CUBIC METERS PER SECOND, THE 20 CUBIC METERS PER SECOND, AND THE FOURT 8 CUBIC METERS PER SECOND. THE FIRST THREE STATIONS WILL EACH LIFT THE WATER 17 METERS, AND THE FOURTH WILL LIFE THE WATER 12 METERS. THE BANCO NACIONAL INDICATED TO US THAT THEY MIGHT WISH TO CONTACT PRODUCERS OF THE NEEDED PUMPING EQUIPMENT AS THE FEASIBILITY AND TECHNICAL STUDY PROGRESSES IN ORDER TO INCORPORATE REALISTIC ESTIMATES OF COSTS AND PERFORMANCE. WE OFFERED TO PROVIDE THE BANK WITH AN APPROPRIATE LIST OF US FIRMS. ING. EDMUNDO ASTORGA INDICATED TO US THE BANCO NACIONAL(S PREFERENCES FOR US EQUIPMENT, GIVEN THE GOOD REPUTATION OF AMERICAN FIRMS AND THE PROXIMITY OF THE US TO NICARAGUA. WE WOULD LIKE TO SUBMIT THE LIST WITHIN THE NEXT ONE OR TWO MONTHS, BEFORE THE STUDY GETS UNDER WAY. ANY HELP PROVIDED IN THIS REGARD WILL BE MOST USEFUL.

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